

Message Text

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71-62

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 TRSE-00 L-03 CIAE-00

INR-07 NSAE-00 /028 W

----- 094888

R 141540Z JAN 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9219

INFO AMCONSUL ALEXANDRIA POUCH

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EO 11652: NA

TAGS: USEGJC EINV

SUBJECT: INVESTMENTS IN EGYPT - INTERNATIONAL TANK TERMINALS

REF: 75 CAIRO 12065,

1. ON RECENT TRIP TO WASHINGTON, AMBASSADOR HAD OPPORTUNITY DISCUSS STATUS OF ITT PROJECT FOR CONSTRUCTION OF BULK LIQUID STORAGE FACILITIES AT ALEXANDRIA WITH ITT BEIRUT REP. LATTER, WHO HAD BEEN VISITING EGYPT, REPORTED THAT MINSUP SHAZLI HAD RECEIVED STUDY PREPARED ON SUBJECT BUT HAD NOT YET HAD OCCASION TO STUDY IT. HE FELT, HOWEVER, THAT APPROVAL WOULD BE FORTHCOMING IN NEAR FUTURE.

2. AT APPROXIMATELY SAME TIME EMBOFF WAS DISCUSSING PROJECT WITH REP OF LOCAL PARTNER ON PROPOSED FACILITIES (ITALCO), WHO REPORTED THAT SHAZLI HAD FALLEN ILL BUT WAS CERTAIN TO GRANT AGREEMENT FOR PROPOSAL AS SOON AS HE RETURNED TO HIS OFFICE. REP STATED THAT ONLY OBSTRUCTION WAS FACT THAT UNDERSEC SHERBINI, SHAZLI'S CHEF K'CABINET, HAD THREATENED TO RESIGN IF PERMISSION GIVEN FOR ITT PROJECT, SINCE HE, SHERBINI, WAS CERTAIN "ILLEGALITY" HAD BEEN INVOLVED IN OBTAINING APPROVAL FROM INVESTMENT AUTHORITIES.

3. AS OF THIS WEEK SHAZLI HAS RETURNED TO WORK, BUT THERE ARE NO SIGNS OF ANY ACTIVITY, INsofar AS WE ARE AWARE,
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ON ITT PROJECT. ITALCO REPS SAID THAT SHERBINI REMAINS

UNALTERABLY OPPOSED TO PROJECT, BUT THEY ARE CERTAIN SHAZLI
WILL SIGN NONE THE LESS.

4. COMMENT: EMBASSY HAS NO HARD EVIDENCE THAT WOULD SUPPORT ITALCO
OPTIMISM, THIS PROJECT HAS BEEN PENDING, IN ONE WAY OR ANOTHER,
FOR ABOUT THREE YEARS. FACTS, STATISTICS, AND COSTS ARE WELL-KNOWN
TO BROAD RANGE GOE OFFICIALS, MANY OF WHOM DO NOT CONSIDER
SALE OF SERVICES (STORAGE SPACE) TO AN ENTITY OF GOE TO BE
AN INVESTMENT. THIS VIEW, COUPLED WITH MANIFOLD OBSTACLES
WHICH HAVE IMPEDED ALL OTHER POTENTIAL INVESTORS IN CONSIDERED
CAPABLE OF BLOCKING FINAL CONCLUSION OF AGREEMENT FOR INDEFINITE
ADDITIONAL PERIOD.
EILTS

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Margaret P. Grafeld
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04 MAY 2006

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